

## **FISCAL NOTE**

### **SB 3587 - HB 3758**

March 5, 2008

**SUMMARY OF BILL:** Creates a Class E felony offense for fraud and doctor shopping in the AccessTN, CoverTN, CoverKids and CoverRx programs. Grants the Office of Inspector General the authority to investigate and prosecute such offenses related to AccessTN, CoverTN, and CoverKids.

#### **ESTIMATED FISCAL IMPACT:**

**Increase State Revenue – Not Significant**

**Increase State Expenditures – \$250,000**

**\$6,900/Incarceration\***

#### **Assumptions:**

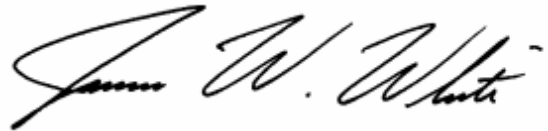
- One offender per year will be convicted of the Class E felony of making a false or fraudulent insurance claim related to the Cover Tennessee programs and will serve 0.3 years (109.58 days).
- According to the Department of Correction, the average operating cost per inmate per day for calendar year 2008 is \$62.78. The cost per inmate at 0.3 years is \$6,879.43 (\$62.78 x 109.58 days).
- A small increase in cases in the court system, which will result in additional state and local government expenditures for processing the cases and additional state and local revenue from fees, taxes and costs collected. These expenditures and revenue are estimated to be not significant.
- No significant incarceration cost increase will occur due to population growth in this period.
- Currently, the Office of Inspector General (OIG) has the authority to investigate civil and criminal fraud and abuse or any other state law violation related to the AccessTN, CoverTN and CoverKids programs. The provisions of this bill will authorize OIG to investigate fraud and abuse in the CoverRx program and prosecute violations in all of the Cover Tennessee programs.
- The Office of Inspector General will hire a Special Agent, an Information Service Data Analyst 4 position, and an ASA 2 position which will result in an increase in recurring expenditures of \$250,000.

- The expenditures include \$141,600 for salaries, \$52,000 for benefits, and \$56,400 for travel, printing, communications, supplies, training, and professional services.
- Currently, the Office of Inspector General is funded through a combination of state and federal TennCare funds. These funds would not be able to be used for fraud and abuse investigations and prosecutions of the programs identified in the proposed bill.

*\*Tennessee Code Annotated, Section 9-4-210, requires that: For any law enacted after July 1, 1986, which results in a net increase in periods of imprisonment in state facilities, there shall be appropriated from recurring revenues the estimated operating cost of such law. The amount appropriated from recurring revenues shall be based upon the highest cost of the next 10 years.*

### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a larger, more prominent script than the last name "White".

James W. White, Executive Director

/kml